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Major News Releases and Speeches

Sept. 17 - Sept. 24, 1982

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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Secretary of Agriculture John R. Block before the Agricultural Roundtable Cooperative Trade and Investment Conference in Kansas City, Mo., Sept. 23, 1982

I'm really glad to be here with you today. You're a distinguished audience, leaders in a business enterprise that has been important to agriculture for so many years. Cooperatives have played an important role in my own work as a farmer, as they have for my father and even my grandfather.

Yet, I feel that your greatest contributions to agriculture are yet to come, and your greatest challenge could well be found within the situation we all are facing today. We all know that this nation is on the pivot right now. The direction of government and of the nation is being turned around. It's a slow rotation and a difficult process, but we all know that it's necessary.

This rotation of government philosophy is certainly of historical significance. Many factors are essential to our ultimate success, including the role that cooperatives will play in this redirection of our nation. Here's the way I see it:

We, in this administration, are directing our efforts toward removing government's fingers from the free-enterprise system that has guided this nation so well in the past. At the same time, it is essential that your cooperatives continue your efforts, which offer the men and women of agriculture a greater control over the economic aspects of their businesses and personal lives.

I realize that many of your enterprises are facing difficult situations. This is to be expected when we assume a task as great as this. It's hard, but when the task is completed, the rewards will be there.

I'm firmly convinced that in agriculture, exports will be the key factor in our future growth, just as they have been in previous years of growth. My convictions are based on historical fact. Over the past 10 years, agricultural exports have become the primary growth factor in U.S. agriculture. During that period, export volume has grown from

below 60 million tons to above 160 million tons. Of equal significance is the fact that export values have multiplied seven-fold.

Now let's look at what this means to the rest of the nation. Every dollar that is earned by farm exports is more than doubled in our economy. They support a system that accounts for 24 million jobs, holds down the cost of government programs, and stimulates an efficient productive system that helps stabilize prices for consumers in our own country.

I realize that many of your cooperatives have not been able to fully participate in this exciting area of agriculture—the world market—partly because you have lacked strong bank support. Right now you have less than 10 percent of this country's farm export business—but I believe that's going to change.

The basic difference came this past February when the Central Bank for Cooperatives was authorized by the Farm Credit Administration to begin providing international banking services. I consider this a significant forward step, one that makes a lot of sense. With this action, Banks for Cooperatives can provide credit for many international transactions—to build port facilities, for example.

It makes sense. If you are to be effective in your service to agriculture, you must be active in the increasing crop shares that go into foreign markets. That market consumes more than half of our wheat, soybeans and rice, more than a third of our feed grains, cotton and tobacco—and it's important that we have the full force and power of agriculture aimed at making these shares even larger.

As you certainly know, this administration has intensified its efforts toward market development. Since the spring of 1981, six joint government/industry sales teams have gone to 19 countries in Africa, Latin America and the Far East. I have personally visited Europe, Asia and Africa to promote U.S. agricultural export expansion.

We're also moving forward to rebuild our trade with the Soviet Union—the market that we lost when the previous administration imposed the embargo in January, 1980. As you know, President Reagan offered to extend our grain agreement with the Soviet Union for another year and the Soviets accepted the offer.

At the same time, President Reagan authorized me to begin exploring the possibility of additional grain sales, over and above what

is called for in the agreement. We are well on the road to making that happen.

I announced earlier this week that we will be meeting with representatives of the Soviet Union on Oct. 28 and 29 in Vienna to discuss additional sales. Under Secretary of Agriculture Seeley Lodwick will be representing the United States during those consultations.

In other words, we're doing everything we can to re-establish ourselves as a reliable supplier and to regain the market that was given away during the previous administration. The president himself said—and these are his words—"the granary door is open."

Keep in mind that gaining new markets and re-establishing old markets are only part of our goals on the world scene. It is also a responsibility of the federal government to attack unfair trading practices whenever and wherever they exist. Regardless of how well you promote your own products, you can't export them unless other countries are willing to let those products come in.

In the European Community, for example, these trade barriers have sliced into our exports of grains, poultry, beef and many others. And in Japan, the barriers have worked against our beef and citrus, to just name a couple.

In October we're going to be talking with representatives from Japan about liberalizing their import quotas on beef and citrus products. The encouraging factor here is that Japan agreed to conduct these negotiations six months ahead of when we felt they would be scheduled.

We're also working on the situation with the European Community. Not only are we taking five subsidy cases to the GATT, but we're also considering how we will be using the $190 million appropriated by Congress to counter some of the unfair trade practices. We'll be announcing those plans soon.

Now I want to take a few minutes to examine this world market from a different angle. Over the 1960s and 1970s, two world markets for farm products developed. One is the traditional bulk market for unprocessed products. The second is for high value, generally processed products. By 1980, the market for the high value products actually became larger than the bulk market that traditionally dominated agricultural trade.

Let me point out two factors. First, the high value market appears to have a higher pay-off, especially when considering major characteristics of the markets such as growth prospects and benefits to the economy in and outside the farm sector.

Secondly, the U.S. performance in the high value market in the '70s was not as strong as would be suggested by our comparative advantage in the production of these products. In 1970 the total world trade in high value products was $25 billion, but our share was only about 10 percent. Our share has remained near 10 percent or less through 1980, at which time the total world trade had reached $120 billion in high value products.

We estimate that by the end of this decade the high-value market could reach between $310 to $440 billion. With current policies in place both here and abroad, the U.S. would maintain a 10 percent share. If we could capture 15 percent of that market anticipated for 1990, we could expect the additional five percent share to generate a one to two percent increase in the Gross National Product and about 1.5 million more jobs—500,000 more jobs in the farm sector and 1,000,000 in the nonfarm sector.

All things considered—we've got our work cut out for us. It won't be easy, but then that's what makes agriculture such an exciting business to be involved in. Throughout the decades, building agriculture has always involved hard work. We've been in many valleys but we have also reached many new plateaus. It is to our credit that—through it all—we have never given up.

Farmer cooperatives now have an expanding role in this great business. You have a growing opportunity to help your members profit and prosper. We're turning the big ship around and you are standing on the threshold of a new and exciting era. Let's work together to make that era the longest and greatest and most profitable ever.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by Assistant Secretary of Agriculture William G. Lesher before the Senate Agriculture Committee's Subcommittee of Foreign Agricultural Policy, Sept. 21, 1982.

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to appear here today and discuss with you world and domestic trade in high value farm products. I commend you and the subcommittee members for your strong interest and support of increasing agricultural exports, and welcome the opportunity to discuss this important and timely issue.

Growing Concern About Trade in High Value Farm Products

The administration is committed to an overall expansion of our export trade of agricultural products. The American agricultural sector, beginning with the farmer, is the most efficient in the world and will prosper through freer trade. President Reagan took the lead towards freer trade by lifting the 1980 embargo of shipments to the Soviet Union and enunciating an export policy for agriculture exports that provides maximum assurance to farmers and their overseas customers. Secretary Block directed a considerable enlargement in the authority for export credit guarantees by the Commodity Credit Corporation. He and other USDA officials have also travelled throughout the world on trade missions in efforts to stimulate increased sales of agricultural products.

While the administration has taken several steps towards increasing agricultural trade, it became increasingly apparent that the issue of trade in high value products (HVP's)—products that have value added through processing or unprocessed products such as fruits, vegetables, eggs and the like—needed to be addressed.

The reasons for this were. (1) the value of our agricultural exports is expected to be down this year for the first time in 13 years; (2) the use of extensive export subsidies by other countries seem to be primarily focused on high value products; (3) most of the pending 301 trade complaint cases brought on by domestic interests involve these products; and (4) export of these products not only impact the farmer

but also the overall economy through increased economic activity and greater employment.

Accordingly, sometime ago I asked the Economic Research Service to undertake a detailed investigation of the production and exportation of HVP's. I plan to draw heavily on the findings of this research during this hearing. I believe a discussion of the facts will aid the understanding of the complexities involved in the international trade of HVP's and provide a framework for focusing on the difficult challenges that face the United States in capturing a larger share of this important market.

In this regard, Mr. Chairman, I do not come before you with any recommendation or strategy to deal with this issue. However, I hope that my testimony will aid the Congress in understanding the problem and facilitate the development of effective tools that will fit within the scope of this Nation's market-oriented agricultural policy.

The 1970's. Emerging HVP Trade Patterns

It is generally recognized that the decade of the 1970's was a period of remarkable growth in agricultural trade. In those years the value of world trade in farm products rose by more than four-fold—from just about $50 billion to $230 billion. What is often not recognized is that the high value component of that trade shared fully in this expansion and by 1980 it amounted to $120 billion. More than half of the world's agricultural trade is now made up of high value products. About half of this HVP trade was made up of semi-processed products such as flour, oilseed products, and meats. The other half was divided between highly processed foods—such as dairy products and food preparations—and the high value unprocessed commodities—such as fresh fruits and vegetables.

The U.S. share of this market was 10 percent, far below what one would expect given our comparative advantage in farm production and the cost efficiency of our processing sector. Most of this 10 percent was in the semi-processed category, and not in the highly processed or high value unprocessed categories.

In contrast, we had over 30 percent of the $110 billion of trade in low value products (LVP's). The LVP's include raw materials such as rubber, cotton and tobacco, and bulk food products such as grains and

oilseeds. Thus, the United States has done extremely well in expanding the export of the traditional bulk commodities but not so well with high value products.

A number of developments over the 1970's led to the emergence of two distinct world markets for farm products—a market for bulk, low value products and a market for high value, usually processed products. Increased affluence and growth in population worldwide generated faster growth in demand for basic food and feedstuffs than most countries could supply from their own farm sectors. The resulting growth in import demand was particularly strong in grains and oilseeds, and the United States succeeded in capturing almost two-thirds of the expansion in this bulk trade.

Increased affluence in the past decade in a smaller circle of developed and middle income countries also generated stronger demand for higher value farm products. Included among the products in this second group were highly processed items to upgrade and diversify diets and semiprocessed products to aid the local production of highly-processed, consumer-ready products. This growth in HVP demand was fast enough to outpace growth in local production or processing capacity. The end result was a significant increase in HVP import demand in the developed countries and a phenomenal increase in HVP import demand in the middle income countries. This increase in import demand was filled by the European Community (EC) and, to a lesser extent, the United States and a few other developed countries with sophisticated processing capacity already in place.

The result of these HVP and LVP trade developments was a shift in the U.S. position in the world market. The U.S. share of world agricultural exports increased substantially if measured in volume terms; almost two-fifths of all the volume of farm products traded now originate in the United States, compared with one-fifth in 1970. However, the U.S. share of world agricultural exports remained at about one-sixth if measured in value terms; the U.S.'s share of the world agricultural market actually declined in value terms if the full range of processed farm products not normally included in the agricultural trade total is considered.

This same phenomenon is reflected even more graphically in changes in U.S. and world farm export unit values over the 1970's.

The average price the United States received for its farm exports doubled over the decade in nominal terms but failed to keep pace with the tripling and quadrupling experienced by the other exporting nations that focused on HVP exports. The U.S.'s average farm export unit value price fell from two-thirds of the world average in 1970 to less than half of the world average in 1980.

In 1970, the average value of U.S. products in agricultural trade was $125 a ton. In ten years, this unit value rose to $260 a ton. Meanwhile, the world average export price almost tripled—from $190 a ton in 1970 to $535 a ton in 1980. The European Community did better still—increasing its export unit value from $400 to $1250 a ton. The fact that the unit value of EC exports is almost five times the value of U.S. exports reflects the European emphasis on high value exports. High value products make up 60 percent of the EC's agricultural exports, compared with a 30 percent share of U.S. exports.

Also, the LVP share of the market proved to be more unstable than the HVP portion. As a result, the U.S.'s concentration of its exports in bulk products tended to worsen the problem of instability in commodity prices and farm income.

Equally important, the U.S.'s concentration of over two-thirds of its exports in the LVP market tended to minimize the impact that expanding farm exports had on the rest of the economy. In the most simplistic terms, HVP exports involve selling both a product and a service—a service that tends to be capital- and labor-intensive, and involves a wide range of economic activities. LVP exports, on the other hand, involve exporting a bulk product or commodity with relatively little labor input and involving only a few areas of the economy outside of agriculture.

The concentration of U.S. agricultural exports near the bottom of the foodgrain and feedstuffs processing line, for example, kept the employment associated with grain exports well below what they would have been with more balanced shipments of bulk, semiprocessed, and highly processed products. The loss in GNP potential was even larger; in many cases, bulk exports limited the economic activity associated with farm trade in the United States to less than half the payoff enjoyed by countries with a more balanced mix of exports. If we had achieved a growth in high value exports comparable to the growth in our low value

trade it is estimated that we would now have an additional $9 billion in high value exports and an additional 350,000 Americans employed in processing, marketing, and handling.

Why Do We Have the Current Trade Pattern with Respect to HVP's?

The HVP export pattern that emerged over the 1970's was due as much or more to government policies and programs that exist abroad as to market forces at work in the United States. The aggressive HVP export subsidy and promotion programs in use abroad, particularly in the EC, work to neutralize the U.S.'s input and processing cost advantages and limit the U.S. share of the world HVP market to 10 percent.

In 1980, the value of EC exports to the rest of the world totaled $26.5 billion. However, the EC paid out $7.6 billion in export subsidies in order to move the increasing production of agricultural products resulting from their high internal prices that are well above world levels. Unfortunately, in addition to destabilizing world markets, these subsidies often push EC export prices below world price levels. Poultry is a prime example.

There was a time when the European Community was the world's largest importer of poultry meat. Today it is the world's largest exporter of poultry meat. It is subsidizing poultry products into other markets to the point where the U.S. industry has become a relatively small supplier in such markets as the Middle East.

The efficiency of the U.S. poultry industry is nullified when other nations are willing to subsidize their exports by 10 or 12 cents a pound—or whatever it takes—to undercut the the U.S. industry in major world markets, many of which were originally established by American exporters. The same general situation applies for beef, sugar, dairy, wine and other commodities.

Another major reason is that importers often want to capture the value-added associated with the processing. Japan presents a good example. Japanese consumers like high quality beef such as we produce in the United States. But import quotas on beef in Japan make it very difficult to export much of our beef to that country.

Consumers in Japan pay about $9 per pound for U.S.-produced beef striploin, while in nearby Hong Kong the same product costs around $5

per pound. The reason for this huge differential is that the Japanese protect their internal food industry even though it may be sadly inefficient.

Brazil is another example of a country using various taxes, credits, and other subsidies to encourage the exportation of processed products. Most of Brazil's exports of soybeans are in the form of meal because of these policies.

HVP Trade Opportunities in the 1980's

Most of the factors that encouraged growth in HVP trade in the 1970's appear likely to continue in the 1980's. However, the pace of growth in import demand could slow somewhat as HVP consumption in several of the developed countries moves toward saturation levels and many developing countries increase their local HVP production and processing capacity. It was this lack of local processing capacity in many of the fastest growing developing countries coupled with the demand for more diverse diets in the developed countries that fueled the HVP import growth of the 1970's. The HVP sector is still likely, however, to dominate growth in farm products trade as the push to upgrade and diversify diets continues in importing countries with limited capital and technology necessary to process food and fiber.

The product composition of HVP demand in the 1980's is likely to be such that the U.S. share of the world market will be about 10 percent. The U.S.'s cost advantage in producing and marketing many semiprocessed products is too great for competitors to totally offset this with export subsidy efforts. But any larger share of the market will be difficult for the U.S. to capture, even though the economic effects would be large.

We estimate that by the end of this decade the HVP market could reach between $310 to $440 billion and expect, with current policies in place both here and abroad, that the U.S. would maintain a 10 percent share. If we could capture 15 percent of the HVP market that is anticipated by 1990, we could expect the additional 5 percent share to generate a 1 to 2 percent increase in GNP and about 1.5 million more jobs—500,000 more jobs in the farm sector and 1,000,000 in the non-farm sector.

Can an Increase in U.S. HVP Trade Materialize?

So far I have discussed the growing importance of the HVP market, stated that other countries have developed and captured a large share of this market through unfair trade practices, speculated that future growth will probably occur in this market, and suggested that if the U.S. could increase its share of the HVP market from 10 to 15 percent, this would mean much in the way of increased employment and GNP. Achieving this will be difficult at best. There are several reasons why this is so.

First, the trade policies of other countries are well established and change will be slow. The Common Agriculture Policy (CAP) of the EC, which has been in place for a long time, appears to be the glue that holds the EC together and in spite of its high cost, it is accepted by the general citizenry. The same is true for Japan. The Japanese have limited access to their markets for HVP's since World War II, and change will come slowly.

Second, the EC and Japan, for example, are already our best customers of bulk agricultural products. Japan ranks as our number one customer for agricultural products, purchasing huge amounts of feedstuffs each year. Last year Japan purchased $6.7 billion, or 15 percent, of U.S. farm exports. So we have to deal carefully with this issue in order to find a solution that is compatible with our trading partners' objectives. In this case we are trying to convince the Japanese that they can preserve their own domestic feeding industry, which is mainly poultry and pork, while at the same time provide their consumers with high quality imported fed beef. The same is true for the EC. We have a net surplus of agricultural trade with the EC of about $8 billion—mostly for products that do not fall under the CAP, such as soybeans and soybean products and corn gluten feed.

Third, after trade flows get established they are slow to change. This is human nature.

Fourth, after a country has established a large HVP market with all of the associated employment and GNP impacts, they are reticent to give up part of that market. Thus, to force them to do so could be extremely expensive.

Fifth, our export expansion and promotion activities have focused primarily on bulk agricultural products. Maintaining this effort is essential. Developing the HVP market will take time.

In summary, Mr. Chairman, our traditional export focus has been on expanding bulk agricultural commodities. This policy has served U.S. agriculture well. Moreover, we must continue to export these farm commodities—LVP's—in order to allow our agriculture to operate efficiently. Our efforts to expand HVP exports must be carefully analyzed to ensure that sales of farm commodities or semi-processed products are not adversely affected. I believe we can pursue a trade expansion policy that will allow this nation to export agricultural commodities at all stages of processing. It will take time and much effort, but the results could be significant.

There are opportunities at stake for the United States in expanding our exports of value-added farm products. However, increasing our trade share of the market presents great challenges. This hearing is a building block in tackling the tasks ahead. We in the U.S. Department of Agriculture look forward to working with you on this important matter.

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Statement by Assistant Secretary of Agriculture John B. Crowell, Jr., before the Senate Energy and Natural Resources' subcommittee on Public Lands and Reserved Water, Sept. 23, 1982.

Mr. Chairman and members of the subcommittee:

We appreciate the opportunity to be here today to discuss the issue of mineral leasing in wildernesses and areas being considered for wilderness and to present our views about S. 2801, the Wilderness Protection Act of 1982, and related matters. I will begin by briefly reviewing the overall policies regarding mineral leasing applicable to National Forest System lands.

The Wilderness Act of 1964 provides for mineral leasing in wilderness areas through Dec. 31, 1983, subject to reasonable regulations. The act also provides that leases issued shall contain stipulations to protect the wilderness character of the land consistent with the purpose for which the lease is issued. Therefore, when a lease application is received, the Forest Service is obligated to determine reasonable requirements for exploration, drilling, development and

restoration considering the surface values. In the case of national forest system lands reserved from the public domain—which includes approximately 162 million acres of the 191 million acre national forest system—the Forest Service generally has responsibility to recommend to the Bureau of Land Management whether the lease should be issued and what stipulations should be included. Forest Service's responsibility for acquired land is the same, except that for acquired lands and for coal and geothermal resources on all lands, lease issuance is contingent on the secretary of agriculture's consent. In all cases, final decisions on mineral leasing rest with the secretary of the snterior.

As it stands now, there is no legal basis for refusing to consider issuing a lease if reasonable stipulations to safeguard the wilderness character of the land are part of the lease. Reasonable stipulations are those which permit development for the leased purposes to proceed on the area leased without imposing prohibitive physical or economic constraints. Although leasing is a discretionary act, the Wilderness Act clearly contemplated that leases would be issued and that the areas subject to lease would be explored and, if a discovery occurred, would be developed.

When a lease application is received on national forest system lands, the Forest Service conducts an environmental analysis to determine, among other things, if the contemplated activity resulting from lease activity could be concluded to be a major federal action significantly affecting the quality of the human environment. If the conclusion is affirmative, an environmental impact statement is prepared; otherwise, the results of the analysis are documented in an environmental assessment and a finding of no significant impact is prepared. The chief of the Forest Service has delegated the authority to make the recommendations and consent decisions on leasing to regional foresters.

The Forest Service currently has more than 1,100 lease applications pending for portions of wilderness areas. A target for processing all lease applications in wilderness by Oct. 1, 1983, has been set to provide the Bureau of Land Management 3 months lead time to act on Forest Service recommendations prior to the Jan. 1, 1984, withdrawal from leasing as stipulated in the Wilderness Act. There is an obligation to consider and process applications in accordance with the law as it exists today.

The administration, of course, is aware of the public concern and controversy related to the potential issuance of oil, gas, mineral and geothermal leases in wilderness. The possible impacts that exploration and development may have on the physical characteristics and esthetic attributes of designated and proposed wildernesses are recognized.

In many respects, S. 2801 is similar to the administration's bill that was submitted to Congress earlier this year as H.R. 5603. The administration's bill, S. 2801, and several other bills now pending before Congress all share a common goal—the preservation of our wilderness lands. These lands are a national treasure much like our parks which must be protected from any kind of permanent impairment. This administration is committed to protecting our wilderness lands and does not intend to allow their values to be impaired. We firmly believe these lands should be the last opened to exploration and development—and then only if such activities should become necessary due to an urgent national need as determined by the president.

The administration is willing to accept legislation closing mineral leasing prior to the Jan. 1, 1984, date prescribed by the Wilderness Act of 1964. However the administration believes the legislation should also attempt to resolve some other pending policy matters relating to wilderness designations, roadless area recommendations and studies of roadless areas. A substantial area of federal land would be affected by this legislation and is involved in these pending policy matters.

The first such matter is the future of those unroaded lands that were considered in the Forest Service's Roadless Area Review and Evaluation (RARE I and II) processes and which were not recommended for wilderness designation. For more than 10 years, most of the 62 million acres considered in the RARE process—almost one third of the national forest system—have remained in more or less uncertain status. A few months after the RARE II recommendations were announced, California brought suit alleging the inadequacy of the RARE II environmental impact statement with respect to some, but not all, of the California National Forest roadless areas which had not been recommended for wilderness designation. The United States District Court decided that the environmental impact statement was indeed insufficient; the decision was subsequently appealed and argued to the

Ninth Circuit Court of Appeals, which has had the case under advisement pending decision since September 1981. If the lower court's decision is affirmed, it will mean that the 36 million acres of roadless areas which were not recommended for wilderness designation by RARE II may be subject to a similar lawsuit or lawsuits. The consequence would be that none of the lands made subject to such litigation could be managed for any purpose without a new or supplemental environmental impact statement being prepared. This would take considerable time, would require the efforts of a good many Forest Service people who would be diverted from performing more productive work, would be expensive, and in all likelihood would result in the very same recommendations for nonwilderness designation. In the meantime, on some National Forests, the timber sale program would be substantially reduced, much oil and gas and mineral exploration would be at a standstill, the treasury would lose receipts, and the economy would be without needed raw materials.

All of these possibly disruptive consequences could be avoided by the simple expedient of a statutory enactment which would declare the RARE II environmental impact statement to be legally sufficient and would prohibit court review of that issue. The administration recommends that such a provision be made a part of S. 2801.

Similarly, it would be appropriate to use this bill as the vehicle for providing that the 36 million roadless acres which were not recommended for wilderness by RARE II not be subject to being studied again by the Forest Service at some future time for possible inclusion in the wilderness system.

The Congress at some time must decide on how large the wilderness portion of the national forest system is to be. Already, 25 million acres of the 191 million acre system are formally designated as wilderness; additionally, 6.9 million acres recommended for wilderness by RARE II have not been acted upon by Congress.

Still further, there are 4.2 million acres in congressionally mandated study status and another 8.1 million acres in RARE II further planning status. If wilderness areas are to be permanently foreclosed from oil, gas and mineral exploration and development by this bill, and from other forms of multiple-use, including timber harvesting, it is not reasonable to assume that wilderness designations from the national

forest system, with all of the publicly-owned wealth it represents, should be without ultimate limits.

It is therefore, the administration's recommendation that S. 2801 be amended to provide for release—either permanently or at least until the year 2000—of the lands not recommended for wilderness by RARE II or by further planning from having to be studied again. Congress, of course, would always be able in the future to direct study of a specially identified area which might be regarded as a candidate for wilderness designation.

Still another policy matter left over from RARE II is the question of how long lands recommended for wilderness designation by RARE II but not acted upon by Congress should remain in indeterminate status. If Congress does not act on the recommendations, the lands will remain unavailable for multiple use until they are subject to the periodic planning process mandated by the National Forest Management Act of 1976. Multiple use management for these lands would occur sooner if Congress were statutorily so to provide in the event it did not act specifically to designate the lands as wilderness within a specified time period.

Subsection 2(d) of S. 2801 withdraws the RARE II further planning lands (with the exception of Alaska) from leasing. This withdrawal involves 5.8 million acres of National Forest land. Many of these lands were placed in this category by RARE II because the Forest Service did not have enough minerals information, especially oil and gas data, to make a decision whether or not to recommend for wilderness. Through leasing, exploration and survey information could be developed that will significantly aid the determination of whether these areas should be recommended for wilderness.

We must continue to increase our knowledge of the mineral resources of federally-owned lands. Thus, it is in the public interest that the bill permit prospecting, seismic surveys and core sampling in the areas otherwise withdrawn by the bill. The prohibition of the use of explosives for seismic surveys in designated wildernesses, however, seriously limits the use of seismic exploration. The proper use of explosives in conducting seismic surveys greatly enhances the information obtained and is minimally disturbing to the wilderness environment. If this legislation is to provide an effective means of

inventorying mineral and energy resources in wilderness areas, the use of explosives should be available.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

NEW HOME CONSTRUCTION SYSTEM LOWERS COST, IMPROVES QUALITY

WASHINGTON, Sept. 20—A new system of home construction—truss framing will help reduce the cost of housing and is now available to the public, R. Max Peterson, chief of the U.S. Department of Agriculture's Forest Service said today.

"The new system offers high quality housing at lower costs—two things that seemed incompatible until our researchers came up with the trussframed house," Peterson said. "Construction of several prototype homes has shown that the truss-frame system can provide homes which are less expensive, stronger and easier to construct than conventional homes. They are also adaptable to a wide variety of floor plans."

Peterson said the lower costs result from savings in the amount of lumber used for framing the house and savings in labor and interest costs resulting from reduced construction time. For example, one of the first prototype homes was framed and sheathed by three men in six hours and used 30 percent less framing lumber than a conventional house of the same size. He said some of the first commercial builders to test the design have lowered house shell construction time to two hours.

"The truss-frame house is composed of trusses which are prefabricated and moved to the construction site," Peterson said. "The trusses are erected, then wall sheathing and roofing are installed."

Peterson said the new system resulted from research conducted to determine structural weaknesses in homes destroyed in earthquakes and hurricanes. The research showed the merits of a unitized system of construction and formed the basis of the new truss frame design.

"We think the truss-frame system can play an important role in helping meet the nation's needs for more affordable housing," Peterson said. "It should be particularly significant in providing homes for people who find themselves priced out of the current home market."

To insure that the new home construction technique is made available to everyone, the Forest Service has obtained a patent on the truss frame system in the name of the American people, Peterson said.

In addition, he said, the National Association of Home Builders Research Foundation, P.O. Box 1627, Rockville, Md. 20850, has prepared a detailed manual describing truss-framed construction techniques.

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USDA EXPANDS TESTING FOR ANTIBIOTICS AT THE SLAUGHTERHOUSE

WASHINGTON, Sept. 20—Beginning Oct. 20, U.S. Department of Agriculture meat and poultry inspectors will be able to use a rapid analytical test to detect antibiotic residues in all species of animals.

"Expanding the use of the swab test will speed the inspection process and enhance USDA's ability to assure the wholesomeness of meat and poultry," said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service. "We are also cooperating with producer organizations in educational programs that will reduce the possibility of harmful residues, which provides further consumer protection.

"USDA has used the rapid test—called STOP for 'swab test on premises'—since 1979 on dairy cow carcasses. It will now be available for use on all meat and poultry carcasses under federal inspection," said Houston.

"The swab test reveals within 18 hours whether there are antibiotic residues in carcasses," Houston said. "By comparison, it presently takes one to two weeks to complete laboratory analyses."

Carcasses showing no antibiotics can move into commerce without delay, Houston said, while those in which antibiotics are detected are retained by USDA for further testing. When violative levels are found, the carcasses cannot be used as food.

"Since USDA began using the rapid test on dairy cows, antibiotic residue violations have declined dramatically, due largely to the cooperative efforts of USDA and dairy producer organizations," Houston said. "By practicing good management procedures, including using medications according to label instructions during the period

before animals were marketed, producers were able to reduce costly violations and delays.

"Antibiotic violations for cows dropped from 3.7 percent in 1978 to 0.6 percent—about half of one percent—in 1981. For most other meat and poultry, violations range from 0.2 to 2.7 percent," Houston said.

To perform the test, inspectors insert sterile swabs into liver or kidney tissue and place them on a microbiological plate coated with harmless organisms. The plate is incubated overnight.

When antibiotics are present, bacterial growth is stopped around the swab tips, indicating the need for further analysis before the carcass can leave the plant.

In contrast, when the carcass is free of antibiotics, bacteria grow uniformly right up to the swab tips, and the inspector can approve the carcass.

The final rule expanding use of the slaughterhouse testing program is scheduled to be published in the Sept. 20 Federal Register. After proposing this rule March 12, USDA received 10 comments, with six favoring the proposal.

"The issues most often raised concerned test accuracy and processing delays," Houston said. "The swab test program for cows has shown the in-plant procedure actually speeds inspection. And the accuracy of the swab test has been confirmed in USDA field service laboratories, where it has been used as a screening test for the past five to six years."

#

BLOCK LABELS MISQUOTE A MAJOR INJUSTICE TO HIM AND FARMERS

WASHINGTON, Sept. 20—Secretary of Agriculture John R. Block today told every United States senator and representative that "American farmers and I have been dealt a major injustice by a misquotation."

In a letter to all federal legislators, all governors, state commissioners of agriculture and farm and commodity organizations, Block pointed out that even though a reporter's error of a week ago had

been corrected, The Washington Post on Sunday, Sept. 19, repeated the error "in bold type."

Speaking in Omaha, Neb., on Sept. 13, Block had said that the European Common Market is unfairly subsidizing its agricultural exports in competition with American farmers, pitting the treasuries of the Common Market against the American farmer.

"This is unfair," Block's letter said, "and I said in Omaha, 'European agriculture has been a pampered, spoiled child.'

"This statement was misquoted to indicate that I said 'American agriculture.' This news account was corrected, but the situation was compounded yesterday when The Washington Post used the incorrect quote in large bold type."

Block's statement in response to the Post's story on Sunday follows:

STATEMENT BY SECRETARY OF AGRICULTURE JOHN R. BLOCK, WASHINGTON, D.C., ISSUED SEPT. 19, 1982

Today's Sunday edition of The Washington Post either engaged in a deliberate, partisan, irresponsible act of journalism at my expense, or it demonstrated shamefully inept journalistic procedures at the Post.

In two columns of large, black, bold type, the Sunday Washington Post quoted me as saying, "American agriculture has been a pampered, spoiled child."

Six days earlier in Omaha, Neb., when I criticized the European Common Market for unfairly subsidizing its agricultural exports in competition with American farmers, I said. "European agriculture has been a pampered, spoiled child."

At that time, United Press International first wrote that I had said "American agriculture," but then printed a correction. Later in the week, The Associated Press ran an article about the UPI error. AP pointed out that the erroneous quote had shocked members of the Nebraska Wheat Board into calling for my resignation until they discovered the UPI error.

Still, The Washington Post on Sunday chose to run the erroneous quote, "American agriculture has been a pampered, spoiled child," as if I had said it. Further, the Post lifted the quote from the text, ran it in two columns of heavy type, and placed black lines around the quote in the center of the page so that it would catch any reader's eye who leafed through the newspaper.

The Post also used the erroneous quote as a theme in the article, suggesting that pampered, spoiled children must be disciplined and that the tough times that farmers are having in 1982 is the farmers' equivalent of being sent to their rooms in punishment.

That attitude and the quote are so completely at odds with my known position and my statements on American agriculture that a responsible newspaper that has covered my statements as thoroughly as the Post would have had such disbelief it would have checked with me to see if the quote could possibly be true. The Post did not check with me or with my office.

It is hard to believe that The Washington Post could have been so completely out of touch that it was not aware of the UPI correction, of the AP article about the error, and the fracas that the error caused.

Thus The Washington Post article today was either a deliberate, partisan, irresponsible attack, or it demonstrated a shabby, inept journalistic procedure for determining the truth.

On Monday, Sept. 20, 1982, The Washington Post corrected its Sunday edition misquote, but the correction was presented in a much less conspicuous manner than the error which appeared the previous day. Also, the Post failed to run the above statement which was filed with it on Sunday, Sept. 19.

#

USDA WITHDRAWS PROPOSAL TO REVISE BEEF AND CATTLE GRADE STANDARDS

WASHINGTON, Sept. 20—The U.S. Department of Agriculture is withdrawing its Dec. 30, 1981, proposal to revise the beef carcass and slaughter cattle grade standards.

"The common denominator of the more than 4,000 comments received was a strong perception that the proposed changes would reduce quality in beef leading to consumer confusion, and possibly even a lessened demand for beef," said John Ford, deputy assistant secretary of agriculture for marketing and inspection services.

"While we feel our palatability studies are sound, and that essentially the same taste can be maintained in beef with slightly reduced

production costs, consumer confidence is essential to successful marketing and industry profitability," Ford said. "USDA's proposal did not have sufficient support among either the industry or the consuming public to maintain that confidence."

The concern of what impact this perception of lowered quality would have on the total beef industry was a major consideration in USDA's decision to withdraw the proposal, Ford said.

"We view our role as that of a 'moderator' assisting the industry and consuming public in maintaining a dynamic beef grading system acceptable to all users," he said. "It is further the desire and obligation of this administration to provide the type and nature of service that best reflects the identifiable and agreed upon wishes of the industry in marketing beef to a knowledgeable and satisfied consuming public. Marketing is not good marketing unless the consumer is satisfied."

USDA has consistently upheld the philosophy that beef grade standards cannot be static; they must be dynamic to be of the greatest value to all users of the system from producer to consumer, Ford said.

"As new technology has emerged and as consumers' tastes and desires have changed, USDA has kept with this philosophy by making changes in the standards as necessary to meet the changing needs of the users of the system," he said.

"USDA continues to be concerned about the profitability of the beef industry as it strives to provide the American consumer with adequate supplies of fairly priced beef at the quality level desired," Ford said. "The applicability of USDA beef grades will be closely monitored in the months ahead."

USDA is willing to work with committees or research groups representing all segments of the industry— producer to consumer—to further study the effectiveness of USDA beef grades, he said.

Beef grade standards are intended to segregate the beef supply into groups of carcasses with similar attributes of palatability and yields of cuts. Grades provide a common language for marketing livestock and meat and they are the basis on which the voluntary USDA meat grading service operates, Ford said.

Notice of this decision is scheduled to be published in the Sept. 22 Federal Register.

#

BLOCK SAYS GRAIN DISCUSSIONS SET WITH SOVIET UNION

WASHINGTON, Sept. 20—The United States will enter into grain consultations with the Soviet Union Oct. 28-29 in Vienna, Secretary of Agriculture John R. Block said today.

"The United States will be entering regular, semi-annual consultations under the provisions of our current grain agreement with the Soviet Union," Block said.

"The agenda items for those consultations will be a review of the world crop situation, crops in the United States and crops in the Soviet Union. Secondly, we will discuss additional sales of grain to the Soviet Union, or additional needs that they may have over and above the 8 million tons already provided for by the agreement," he said.

Block said these agenda items are the same as those discussed in past consultations under the long-term grain agreement which was extended on Aug. 20 for a seventh year—through Sept. 30, 1983.

Under Secetary of Agriculture Seeley Lodwick will head the U.S. delegation and Deputy Minister of Foreign Trade Boris Gordeev will lead the Soviet group.

#

USDA AND CALIFORNIA OFFICIALS ANNOUNCE MEDFLY ERADICATED FROM CALIFORNIA

LOS GATOS, Calif., Sept. 21—The Mediterranean fruit fly has been eradicated from California, U. S. Department of Agriculture and California Department of Food and Agriculture officials at Medfly project headquarters announced today.

"This has been more than a government effort," said USDA Assistant Secretary of Agriculture C.W. McMillan. "Without the support of the agricultural industry and the citizenry—cooperating with those of us in government—we could not have eradicated the Medfly."

According to California Department of Food and Agriculture Director Richard Rominger. "The fight against the Medfly has required the efforts of thousands of people and cost close to $100 million, but it's a small price to pay to protect California and the nation's agriculture."

California crops that could be attacked by the Medfly have an annual value of $5.4 billion. Additionally, the annual pest control and fruit fumigation cost to farmers—and indirectly to consumers —could be $250 - $500 million annually if the Medfly were established throughout the state.

"As staggering as these figures are, they pale in the face of estimated costs if the Medfly were allowed to spread and become established nationwide," said McMillan. "For instance, potential damage to U.S. citrus alone is set at $524 million annually."

During 1980 and the first half of 1981, after cancelling a planned aerial spraying program due to local opposition, program officials tried destroying host fruit, releasing sterile insects and other methods to get rid of the pest. The infestation, however, persisted and in July 1981, aerial spraying with malathion began.

Post aerial treatment studies have shown that fears expressed by some residents regarding possible health and environmental impacts were unfounded, McMillan said.

The last treatment took place in San Joaquin County Aug. 12, and at the end of the project only 92 square miles were under regulations restricting fruit movement, McMillan said. At the height of the infestation in 1981, about 1,400 square miles in 7 California counties were being sprayed weekly and nearly 4,000 square miles were under quarantine regulation.

"It's up to us to make sure people don't forget how the Medfly may have entered—perhaps in a single piece of fruit carried by an international traveler or in the mails," McMillan said.

#

NORMAN R. KALLEMEYN NAMED U.S. AGRICULTURAL COUNSELOR TO CHINA

WASHINGTON, Sept. 22—Secretary of Agriculture John R. Block has named Norman R. Kallemeyn as agricultural counselor to China on the staff of the U.S. Embassy in Beijing. He succeeds Jerome M. Kuhl, who has been reassigned to Washington, D.C.

In his new assignment, Kallemeyn will work in the areas of agricultural reporting and market development. China was the fifth largest customer for U.S. agricultural products in fiscal 1982, with purchases totaling some $2.1 billion, mostly wheat, cotton, soybeans and corn.

Kallemeyn's most recent assignment was for 10 months at the executive seminar for national and international foreign affairs at the State Department's International Foreign Service Institute. Prior to that, he served as director, budget and fiscal division, for the Foreign Agricultural Service from September 1977 to June 1981.

From May 1975 to September 1977, Kallemeyn was an agricultural marketing specialist with FAS' export trade services division. He also worked as an agricultural marketing specialist for the fruit and vegetable division from September 1973 to May 1975, as U.S. agricultural attache in Cost Rica from July 1970 to September 1973, as assistant U.S. agricultural attache in Hong Kong from July 1967 to July 1970 and as an agricultural economist, dairy and poultry division, 1957-1963. Kallemeyn also held a number of positions with other agencies of USDA between July 1957 and 1967.

A native of Brookings, S.D., Kallemeyn received a bachelor's and master's degree in agricultural economics from South Dakota State University in Brookings. He will arrive in Beijing with his wife, Bobbie, in early October.

#

USDA PERMITS SOME MEXICAN CITRUS INTO U.S.

WASHINGTON, Sept. 22—Commercial shipments of Mexican oranges, grapefruit and tangerines grown outside the state of Colima

may now be imported into the United States subject to certain conditions, U.S.Department of Agriculture officials said today.

The fruit may enter provided it has been properly dipped in a chlorine disinfectant, is free of leaves and other debris, and has a USDA phytosanitary certificate as well as one showing the Mexican state of origin, said Scot Campbell, an official with USDA's Animal and Plant Health Inspection Service.

USDA placed an embargo on imports of citrus from Mexico in July, following reports of a disease identified as a mild strain of citrus canker on lime trees in Colima. The bacterial disease, which caused lesions on the lime trees, is not present in the United States, and there is no known treatment.

"We are now able to permit entry of certain kinds of citrus because just-completed surveys indicate the disease is confined to Colima," Campbell said.

He said the newly-approved entry applies only to commercial citrus; citrus in private channels is still prohibited.

"We will continue to allow in-transit shipments of all citrus through Presidio, Del Rio and El Paso, Texas, for export directly to Canada and subsequent re-shipment to other countries," said Campbell.

"We've offered our assistance to the Mexican government in eradicating this disease," he said. "Mexico, in turn, has imposed an internal quarantine to prevent further spread within the country."

Campbell aid no changes have been made in fumigation required for citrus because of the Mexican fruit fly.

#

USDA PROPOSES CHANGES IN PACKERS AND STOCKYARDS RULES

WASHINGTON, Sept.23—The U.S. Department of Agriculture is proposing to consolidate some and remove other of the rules dealing with livestock dealers, market agencies and meat packers under the Packers and Stockyards Act.

"We are proposing to remove some outdated rules and consolidate others," said B.H. Jones, head of USDA's Packers and Stockyards

Administration. "This will result in clearer understanding of the rules and lessen some restrictions on business activities without decreasing the protection provided under the Packers and Stockyards Act for producers and consumers."

USDA is proposing to:

— Revise and consolidate eight trade practice rules into one. The rules deal with market agencies selling consigned livestock and purchasing out of consignments;

— Remove rules on employment restrictions, solicitating consignments and giving or accepting gratuities;

— Retain in present form a rule dealing with price guarantees and a policy statement dealing with payment of buyers' expenses;

— Remove three recordkeeping and accounting regulations and retain two others concerning the responsibilities of agents in accounting to their principals;

— Revise and consolidate four rules dealing with accounting procedures into two; and

— Consolidate two rules and one policy statement authorizing disposal of records into a single rule.

The proposals are scheduled to be published in the Sept. 24 Federal Register. Comments will be accepted until Nov. 23.

Written comments, which will be available for public inspection, should be sent to the Packers and Stockyards Administration, USDA, Washington, D.C. 20250. Phone. (202) 447-7051.

#

USDA EXPANDS TESTING FOR ANTIBIOTICS AT THE SLAUGHTERHOUSE

WASHINGTON, Sept. 20—Beginning Oct. 20, U.S. Department of Agriculture meat and poultry inspectors will be able to use a rapid analytical test to detect antibiotic residues in all species of animals.

"Expanding the use of the swab test will speed the inspection process and enhance USDA's ability to assure the wholesomeness of meat and poultry," said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service. "We are also cooperating with

producer organizations in educational programs that will reduce the possibility of harmful residues, which provides further consumer protection.

"USDA has used the rapid test—called STOP for 'swab test on premises'—since 1979 on dairy cow carcasses. It will now be available for use on all meat and poultry carcasses under federal inspection," said Houston.

"The swab test reveals within 18 hours whether there are antibiotic residues in carcasses," Houston said. "By comparison, it presently takes one to two weeks to complete laboratory analyses."

Carcasses showing no antibiotics can move into commerce without delay, Houston said, while those in which antibiotics are detected are retained by USDA for further testing. When violative levels are found, the carcasses cannot be used as food.

"Since USDA began using the rapid test on dairy cows, antibiotic residue violations have declined dramatically, due largely to the cooperative efforts of USDA and dairy producer organizations," Houston said. "By practicing good management procedures, including using medications according to label instructions during the period before animals were marketed, producers were able to reduce costly violations and delays.

"Antibiotic violations for cows dropped from 3.7 percent in 1978 to 0.6 percent—about half of one percent—in 1981. For most other meat and poultry, violations range from 0.2 to 2.7 percent," Houston said.

To perform the test, inspectors insert sterile swabs into liver or kidney tissue and place them on a microbiological plate coated with harmless organisms. The plate is incubated overnight.

When antibiotics are present, bacterial growth is stopped around the swab tips, indicating the need for further analysis before the carcass can leave the plant.

In contrast, when the carcass is free of antibiotics, bacteria grow uniformly right up to the swab tips, and the inspector can approve the carcass.

The final rule expanding use of the slaughterhouse testing program is scheduled to be published in the Sept. 20 Federal Register. After proposing this rule March 12, USDA received 10 comments, with six favoring the proposal.

"The issues most often raised concerned test accuracy and processing delays," Houston said. "The swab test program for cows has shown the in-plant procedure actually speeds inspection. And the accuracy of the swab test has been confirmed in USDA field service laboratories, where it has been used as a screening test for the past five to six years."

#

SUGAR IMPORT FEE CUT TO ZERO BEGINNING OCT. 1

WASHINGTON, Sept. 23—The import fee for raw sugar will be reduced to zero effective Oct. 1, Secretary of Agriculture John R. Block announced today. Currently, the fee is 0.4193 cents per pound.

This fractional change reflects the relative stability of domestic market prices, Block said.

Under the governing presidential proclamation, the U.S. Department of Agriculture must adjust the sugar import fee every quarter according to a prescribed formula.

The key factor is the domestic spot price, as reported by the Coffee, Sugar and Cocoa Exchange in New York, during a base period of 20 market days. This is compared to the market stabilization price established under the sugar support program. If the average market price, adjusted to take into account the existing import fee, is less than the market stabilization price, the difference is the new import fee.

During the Aug. 20-Sept. 17 base period, the adjusted average spot price of 21.0017 cents per pound was above the market stabilization price of 20.73 cents for the fiscal year beginning Oct. 1.

The import fees for refined sugar and sirups, in which trade is relatively small, are regularly set at 1 cent above the raw sugar fee. At present, these fees are 1.4193 cents per pound; effective Oct. 1, they will be 1 cent per pound.

"The fact that the sugar fee has gone down to zero is evidence of the effectiveness of the import control measures taken by President Reagan last spring," Block said. "We have brought market disruption under control and restored strength and stability to the market at price levels that are fair to both producers and consumers."

Last May, President Reagan established an import quota system aimed at keeping sugar imports in line with the nation's needs, Block said. At that time, imports were abnormally high because the world surplus was forcing sales at distress prices. The excess imports threatened to undermine the domestic support program established by Congress in December 1981.

"The international market still is troubled by slack demand and excessive stocks," Block said. "Crop prospects in the northern hemisphere are again large, offering practically no relief to the supply imbalance."

The new fees will remain in effect through December unless a significant change in market prices (defined as an average of 1 cent over 10 consecutive market days) triggers an adjustment.

#

FINAL 1982-CROP SOYBEAN LOAN AND PURCHASE RATE SET AT $5.02 PER BUSHEL

WASHINGTON, Sept. 23—The final loan and purchase rate for 1982-crop soybeans will be $5.02 per bushel, the same as the preliminary rate announced earlier and the minimum permitted by law, according to a U.S. Department of Agriculture official.

Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service, said all producers of 1982-crop soybeans will be eligible for loans and purchases since USDA does not require farmers to participate in production adjustment programs as a condition of eligibility.

He said current law provides for the loan rate to be at a level equal to 75 percent of the simple average price received by farmers during the past five years, excluding the high and low years, but not less than $5.02 per bushel.

Soybean are not eligible for the farmer-owned reserve programs or for storage payments, Rank said.

#

AUGUST FOOD PRICES DECLINE DUE MAINLY TO LOWER MEAT AND VEGETABLE PRICES

WASHINGTON, Sept. 23—The consumer price index (CPI) released today indicates that food prices fell 0.4 percent in August (before seasonal adjustment) according to Assistant Secretary of Agriculture for Economics William Lesher.

"The drop in consumer prices coincides with large supplies and lower farm prices for many commodities," Lesher said. "I am concerned about the depressed level for a number of farm commodity prices."

Prices for food bought in grocery stores fell 0.7 percent in August, while prices for food purchased away from home rose 0.4 percent. Retail food prices in August were 3.6 percent higher than a year earlier, compared with a 6.4 percent rise in prices for nonfood items over the past year.

Retail prices for fresh vegetables and beef and veal were the major factors in bringing down the CPI for food in August. Prices for fresh vegetables fell 12.2 percent reflecting large summer harvests of tomatoes, potatoes and other fresh vegetables. Retail prices for beef and veal declined 2.2 percent. This is the second consecutive month that beef prices have fallen.

Poultry prices also fell in August by 1.1 percent, reflecting lower beef prices. In contrast, lower hog slaughter in August pushed retail pork prices up 1.1 percent, the lowest rate of increase in recent months.

Retail egg prices dropped sharply (7.1 percent), reflecting large supplies and weak exports.Dairy product prices were unchanged.

Retail food prices this year are expected to average about 5 percent higher than last year, the lowest annual increase since 1976. Important moderating factors this year include both a small rise in the farm value of food and a slowing of food marketing cost increases.

Retail prices for imported foods and fish will rise about 4 percent this year. Retail food prices next year will continue to reflect events in the general economy. Similar to 1982, the lower overall inflation rate will continue to hold down food marketing cost rises, thereby having a major moderating effect on 1983 food prices.

August Retail Food Prices, Percent Change for Selected Items

Item	Not seasonally adjusted	Seasonally adjusted	August 1981 to August 1982
		Percent change	
All food	-0.4	-0.3	3.6
Food away from home	0.4	0.5	5.1
Food at home	-0.7	-0.6	2.9
Meats	-0.8	-0.1	5.5
Beef and veal	-2.2	-1.1	1.7
Pork	1.1	1.3	14.0
Other meats	0.3	0.5	4.4
Poultry	-1.7	0.7	-2.9
Eggs	-7.1	-13.3	-9.2
Fish and seafood	-0.7	-0.4	3.0
Dairy products	0.0	*	1.5
Fats and oils	-0.4	*	-4.0
Cereals and bakery prods.	0.2	*	4.5
Fruits and vegetables	-2.8	-2.4	1.9
Nonalcoholic beverages	0.2	-0.5	2.6
Sugar and sweets	0.2	*	2.4
Other prepared foods	0.7	0.8	4.7

* A seasonally adjusted index is not available for these items.

#

USDA ANNOUNCES 1983 FEED GRAIN PROGRAM, $60 MILLION MORE FOR STORAGE PROGRAM

KANSAS CITY, Mo., Sept. 23—Secretary of Agriculture John R. Block today announced a 10 percent acreage reduction and a 10 percent paid land diversion for the 1983 feed grain program. Block also announced an additional $60 million allocated to the fiscal 1983 farm storage facility loan program beyond the $40 million originally allocated.

Block said current law requires for him to announce only a 10 percent acreage reduction and 5 percent paid land diversion program for feed grains. But, with such large supplies, he said an additional 5 percent paid diversion would help bring supply more in balance with demand. "We must do everything possible to reduce carryover supplies and increase commodity prices," Block said.

Block said the per bushel target prices for 1983-crop feed grains will be: corn, $2.86; sorghum, $2.72; barley, $2.60; and oats, $1.60. Regular Commodity Credit Corporation price support loan rates, per bushel, will be: corn, $2.65; sorghum, $2.52; barley, $2.16; oats, $1.36; and rye, $2.25.

The signup for the 1983 feed grain program will be Oct. 1 through March 31. Producers may request 50 percent of their projected 1983 deficiency payments and 50 percent of their 1983 diversion payments when they sign up.

USDA estimates per-bushel deficiency payment rates will be: corn, 21 cents; sorghum, 20 cents; and barley, 15 cents. Advance deficiency payments to eligible farmers will be half these rates. Advance deficiency payments are not authorized for oats.

Land diversion payments have been established at $1.50 per bushel for corn and sorghum, $1 for barley and 75 cents for oats. The land diversion payment is based on the per bushel payment rate times the farm yield times the acres diverted.

Farmers who request advance diversion payments at the time they sign up for the 1983 program will receive a payment equal to half the established payment rates.

A producer who accepts an advance payment, but who later does not comply with program provisions, must refund the amount of the advance payment with interest. Interest charged will be the rate in effect for commodity loans on the date of the advance payment, plus 5 percentage points.

To be eligible for these benefits as well as for price support loans, a producer must agree to limit corn, sorghum, oats and barley acreage planted for harvest to not more than 80 percent of the farm's feed grain base.

As under the 1982 program, two bases will be established: one for corn and sorghum, the other for barley and oats.

Producers also must devote to conservation uses an acreage equal to both the acreage reduction and land diversion requirements.

Land designated for conservation use must have been devoted to row crops or small grains in two of the last three years except for a summer fallow farm, for which the cropping requirement is for only one of the previous two years. Mechanical harvesting is not authorized and grazing will not be permitted during the six principal growing months on the acreage taken from production, Block said.

The 1983 feed grain bases will remain the same as the 1982 feed grain bases with adjustment for crop rotation. Neither cross compliance nor offsetting compliance will apply to the 1983 feed grain program.

Block said USDA is delaying decisions on the 1983 feed grain reserve program until the domestic and world supply and demand situation is studied.

He said the additional $60 million for the farm storage facility loan program is necessary because record corn, wheat and soybean crops have created widespread tightness in storage availability.

#

USDA ANNOUNCES FARM PROGRAM PAYMENT SCHEDULE

KANSAS CITY, MO., Sept. 23—Secretary of Agriculture John R. Block today announced a payment schedule under which eligible farmers will receive deficiency payments on 1982 crops and advance deficiency and diversion payments on 1983 crops.

Block said as soon as possible after Dec. 1, eligble wheat and barley producers will receive all their deficiency payments due under the 1982-crop programs, and eligible corn, upland cotton, grain sorghum and rice farmers will receive 70 percent of the 1982-crop deficiency payments due them.

The remainder of the 1982-crop deficiency payments will be paid in early February to cotton and rice producers, while the final corn and grain sorghum payments will be made after April 1, Block said.

Producers of wheat and feed grains may request 50 percent of the projected 1983 deficiency payments and 50 percent of the 1983 diversion payments at the time they sign up, Block said. Sign up will be held Oct. 1, 1982, through March 31, 1983.

The deficiency payment rate equals the difference between the target price and the higher of the national average loan rate or the five-month weighted average market price received by farmers.

Block said advance diversion payment for wheat will be $1.35 per bushel times the farm yield times five percent of the farm base.

The advance deficiency payment will be 32.5 cents per bushel times the farm yield times the acres intended to be planted.

Advance payments also will be offered to farmers when they sign up in the 1983 feed grain, cotton and rice programs.

Diversion payments are compensation for land taken out of production in addition to any acreage reduction requirement.

#

USDA ANNOUNCES DAIRY SUPPORT PRICES, COLLECTION PLAN FOR PRICE SUPPORT DEDUCTION

WASHINGTON, Sept. 24—Secretary of Agriculture John R. Block today announced the support price for manufacturing grade milk will be $13.10 per hundredweight for the new marketing year beginning Oct. 1.

This price is for milk with a national average milkfat content of 3.67 percent—which is equivalent to $12.80 per hundredweight for milk of 3.5 percent milkfat.

This support level is unchanged from that in effect for the last two marketing years and is the minimum allowed under the recently enacted Omnibus Budget Reconciliation Act of 1982.

USDA also announced proposed regulations for implementing the collection of 50 cents per hundredweight on the sale of all milk marketed by dairy farmers. The dairy price support deduction is authorized under the Omnibus Budget Reconciliation Act of 1982 and collections will begin Dec. 1.

The act requires the deducted funds be sent to the CCC to help offset a portion of the costs of the dairy price support program. All

dairy farmers, including those who sell milk directly to consumers, are liable for the deduction.

The collection of the dairy price support deduction will be by USDA's Agricultural Marketing Service as its dairy division is already involved in the marketing process for 68 percent of the nation's milk through the 49 federal milk marketing orders it administers.

Basic provisions of the proposed regulations provide that:

— The responsibility to make and submit the deductions to the CCC will be on the person who actually makes payment to individual dairy farmers for their milk.

— Those responsible for making the deductions will be required to file a brief report on the milk volumes subject to the deductions.

— Payments to the CCC are to be made at the time final payments are made each month to producers.

Authority for this phase of the amended dairy price support program runs from Oct. 1, 1982, until Sept. 30, 1985. Such deductions must be terminated any time USDA estimates purchases of dairy products under the program will fall below 5 billion pounds milk equivalent during a marketing year.

Comments on the proposed regulations should be sent to: Director, Dairy Division, AMS, USDA, Washington, D.C. 20250, where they will be available to the public. The public comment period will be 45 days.

Further information on the proposed regulations is available from Maurice Martin of the AMS Dairy Division in Washington.

The support for milk is achieved by Commodity Credit Corporation's purchases of butter, cheese and nonfat dry milk. The prices CCC will pay for these products are:

	Dollars per pound
*Butter, U.S. Grade A or Higher, New York City and Jersey City, Newark and Secaucus, N.J.	1.520
Nonfat Dry Milk (Spray) U.S. Extra Grade (but not more than 3.5 percent moisture) 50-pound bags:	

	Dollars per pound
Unfortified	.9400
Fortified (vitamins A and D)	.9525
Cheddar Cheese, standard moisture basis:	
40-pound blocks, U.S. Grade A or Higher	1.3950
500-pounds in fiber barrels, U.S. Extra Grade	1.3650

* The price of butter located at any other point outside these cities will be the price at New York City minus 80 percent of the lowest published domestic railroad through freight rate for frozen butter in effect on Oct. 1 of each marketing year from such other point to New York City. The appropriate freight car rate will be calculated on a per pound gross weight basis for a 60,000 pound carlot. However, the price at any location shall be not less than the purchase price at New York City minus 3 cents per pound. For any location in Wisconsin or Kentucky, the price shall not exceed the purchase price at Chicago which will be $1.49 per pound.

#